



## **Chapter 9: Progress Payments**

**Seattle District, NWS**

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## Chapter 9

### Progress Payment Procedures

**1. References.** Five contract clauses may affect pay requests if they are incorporated into the contract:

FAR 52.232-5, Payments Under Fixed-Price Construction Contracts

FAR 52.237-17, Interest

FAR 52.232-27, Prompt Payment for Construction Contracts

Special Clause (SC) 11, Payment for Mobilization and Preparatory Work (FAR 52.236-7004)

Special Clause (SC) 15, Payment for Materials Delivered Off-Site (EFARS 52.232-5000)

Please review them before submitting your first pay request. These clauses contain specific language and items that you must include in each pay request. Failure to comply can result in pay request rejection until you comply with requirements. If you follow the guidance in the FAR, your pay request should meet contract requirements.

**2. SUBMITTING PAY REQUESTS.** You may normally request progress payments no more than once per month. Requested amounts must correspond to your approved progress chart or network analysis activities. Make sure you distribute costs to contract line items (CLINs, also known as bid items) or expect rejection of the pay request. Per SC-15, the Government will only pay for completed work plus supplies and equipment supported by paid invoices. To receive reimbursement for material stored off-site, you must furnish proof that you have title to the material.

Measurement and Payment Section 01 22 00 requires you to spread all contract costs to listed payment items. Consequently, you should prorate shop drawing, engineering, field office, permits and mobilization costs to contract payment items and NOT request reimbursement for these items prior to completing tangible work, unless specifically provided for in the contract. The Government cannot pay separately for “mobilization” costs or for “front-end loading” your progress schedule to cover preparatory costs unless your contract contains Special Clause 11, Payment for Mobilization and Preparatory Work.

The one exception to the above involves reimbursement for performance and payment bonds. Clause 52.232-5, Payments Under Fixed-Price Construction Contracts, allows reimbursement after you furnish evidence of full payment to the surety. (NOTE that bonding costs in delivery order contracts must be distributed to work orders and will not be reimbursed “up front” due to the indefinite nature of this contracting method.)

ALWAYS negotiate progress and amounts with your Government representative before you submit a pay request. Failure to agree on amounts can also become a reason to reject a pay request.

To avoid delays in processing your pay request, you should check each pay request to ensure you have included two copies of all required paperwork.



- a. Prompt Payment Certification, signed
- b. Updated monthly schedule
- c. Progress narrative
- d. Safety exposure report, signed (total hours by trades working during the pay period)
- e. Working subcontractors summary (list each subcontractor working on-site during the pay period)
- f. Updated submittal register
- g. Any other documents required by the ACO

**3. WITHHOLDING AND RETAINAGE.** The Government has the right to retain up to 10 percent for unsatisfactory progress or issues of non-compliance. We also have the right to withhold funds for non-compliance with Davis-bacon labor provisions.

**4. TIME AND INTEREST.** The Prompt Payment Act defines the time period (typically 14 days) the Government has to process your pay request. If we fail to meet the deadline, our Finance and Accounting department in Millington, Tennessee will automatically calculate interest due you. The clock starts based on the day the designated Government billing office receives your request, not the day you send it. If we determine your request has defects, we have seven days to reject it in writing. The Government will not pay interest for delays you create by not submitting acceptable pay requests. If you cause the Government to overpay you, you may be liable for repayment plus interest.

**5. FINAL PAY.** After you complete ALL contract requirements, you may request final pay. We will send you a final pay letter. The letter provides instructions, final pay paperwork, and a release statement. You must sign the release statement and final pay estimate to close the contract and receive remaining funds. The Government has 30 days to issue final pay after you meet all requirements. Historically, improper or incomplete certified payroll submissions become the major obstacle to final pay. You should carefully review weekly payrolls throughout the life of the contract to correct problems as they occur instead of after-the-fact.

Enclosures

Figure 9-1 DD1354 Checklist

